

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE STATE DEPARTMENT OF SOCIAL SERVICES
CAN REDUCE AFDC COSTS BY ENSURING THAT
COUNTY CHILD SUPPORT PROGRAMS OPERATE
MORE EFFECTIVELY**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

P-230

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COUNTY CHILD SUPPORT PROGRAMS
OPERATE MORE EFFECTIVELY

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Honorable Art Agnos
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General respectfully submits its report concerning the Department of Social Services' administration of the Child Support Enforcement Program.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

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SUMMARY

District attorneys throughout the State are not collecting millions of dollars in court-ordered child support payments. This is due in part to the deficiencies in the State Department of Social Services' Child Support Enforcement Program. When district attorneys do not make child support collections in welfare-related cases, the federal, state, and county governments are not reimbursed for their share of these welfare expenditures. Further, counties are not receiving federal and state incentive payments on the missed collections.

Child Support Collections Missed

District attorneys could increase their collections of child support payments through better use of enforcement actions including taking full advantage of the Tax Intercept Program to intercept the income tax refunds of absent parents. In two counties we visited, district attorneys missed the opportunity to collect at least \$966,000 in tax refunds for the 1981 tax year through the Tax Intercept Program. Additionally, some district attorneys are using different criteria when selecting cases for referral to the Tax Intercept Program. Consequently, child support collections are affected and absent parents do not receive equal treatment.

Some district attorneys could also increase their collections of child support if they assigned priorities to welfare cases according to absent parents' income. If the district attorney in one county we visited had adopted such a

priority system, the collection of child support could have increased by at least \$1.7 million during the second half of 1981.

In addition, some district attorneys do not routinely record court orders to establish liens against absent parents in order to collect child support debts. Other district attorneys, including the two we visited, do have a policy to record court orders but do not always follow their own policy. Also, most district attorneys are not using the Property Tax Exemption File to locate real property owned by absent parents in California. By not recording court orders to establish liens, district attorneys miss opportunities to collect child support payment when an absent parent attempts to buy or sell real property.

Finally, the two district attorneys we visited do not always take appropriate action to enforce collection of child support payments. These district attorneys could increase child support collections in their counties by improving their case management procedures.

Supervision and Monitoring Inadequate

Even though the Child Support Program Management Branch of the State Department of Social Services has known about some of the enforcement problems we identified, it has issued few statewide guidelines specifying effective enforcement policies and procedures that district attorneys should employ. Several district attorneys we interviewed stated that more guidance from the State Department of Social Services would be beneficial to their operations.

The Child Support Program Management Branch analysts who monitor the district attorneys generally do not review case files. Consequently, the analysts had not detected the inadequacies in enforcement practices that we identified in our review of a sample of case files in two counties. The branch chief has stated that the Child Support Program Management Branch is changing its monitoring procedures in fiscal year 1982-83 to include a limited review of case files.

Recommendations

To assist the district attorneys in increasing their collection of child support for welfare-related cases and thereby reduce welfare expenditures, the State Department of Social Services should improve its supervision of the Child Support Enforcement Program by issuing guidelines to the district attorneys. These guidelines should provide the district attorneys with effective policies and procedures for enforcing child support obligations. The State Department of Social Services should also improve its monitoring of the program by requiring its analysts to review case files of absent parents to identify ineffective policies and practices. The State Department of Social Services should use the information from the case reviews to determine district attorneys' adherence to the guidelines.

INTRODUCTION

Title IV-D of the Federal Social Security Act and Section 11475 of the California Welfare and Institutions Code authorize state and county governments to establish a Child Support Enforcement Program. The purpose of the program is to enforce court-ordered child support obligation from parents whose children are in the custody of others. The court order establishes the absent parent's legal obligation to provide support and states the amount of child support to be paid. In California, county district attorneys are responsible for enforcing court orders for child support, collecting child support payments, and distributing the collected payments. The State Department of Social Services (DSS), through its Child Support Program Management Branch, is responsible for managing, planning, and monitoring and evaluating the enforcement activities carried out by the district attorneys. Analysts in the DSS Operations Bureau perform the review of the enforcement activities.

County district attorneys also collect child support payments in cases where the California Aid to Families with Dependent Children (AFDC) program is providing cash assistance to the children and their parents or guardians whose income is

insufficient to meet basic needs. A district attorney who collects child support payments for children receiving AFDC benefits forwards the collected payments to the county welfare department. Custodial parents (persons who have legal custody of the children) who are granted AFDC assistance must also assign to the county welfare department any child support payments they receive for the children. The county divides these recovered funds among the federal, state, and county governments in proportion to the amount each level of government contributes to AFDC expenditures.

To qualify for aid through the AFDC program, custodial parents must supply information about the children's absent parents. Once the welfare department determines that the applicants are eligible for AFDC, it refers the case to the district attorney. The district attorney then starts a file for the case, designates it as an AFDC case, and initiates action to collect child support payments.

Typically, one of the first actions taken by the district attorney is to locate the absent parent by utilizing available sources of information. The district attorney may obtain information on the absent parent's location and earnings by contacting the California Parent Locator Service in the Department of Justice. Once the absent parent has been

located, the district attorney next seeks to obtain a court order for child support if one does not already exist. If the absent parent fails to make payments in accordance with the court order, the district attorney can use various methods to collect the child support debt. These enforcement methods include intercepting state and federal income tax refunds, recording court orders to establish liens against real property, seeking wage assignments to attach the absent parent's wages, and obtaining writs of execution authorizing the seizure of the absent parent's assets.

Child support collections reduce the AFDC costs expended by all levels of government. AFDC expenditures in California for fiscal year 1981-82 totaled approximately \$2.921 billion. For the same year, district attorneys recovered child support payments of approximately \$111 million, or 3.78 percent of the total AFDC expenditures. The counties divided the recovered funds among the federal, state, and county governments in proportion to the amount each level of government contributed to AFDC expenditures. For fiscal year 1981-82, the repayment ratios were approximately as follows: federal, 50 percent; state, 45 percent; and county, 5 percent. In addition, according to a number of state and county officials, collection of child support payments for children

who are not receiving AFDC benefits also helps keep AFDC costs down since such collections alleviate the need for some of the custodial parents to apply for AFDC.

Collection of child support payments provides even further benefits to counties because of incentive payments counties receive from the federal and state governments. These incentive payments are equal to 22.5 percent (15 percent federal and 7.5 percent state) of the total amount of the child support recovered for AFDC recipients. In fiscal year 1981-82, the counties received incentive payments estimated at \$24.9 million. This represents \$16.6 million from the federal government and \$8.3 million from the State.

The federal government paid 75 percent of state costs and 75 percent of the county costs to operate the Child Support Enforcement Program in fiscal year 1981-82. The State and counties each paid 25 percent of their own costs. Estimated costs to operate the program in fiscal year 1981-82 were \$104.1 million, representing \$78.1 million from the federal government, \$1.2 million from the State, and \$24.8 million from the counties. The federal government contributes more than it receives from the program, while the State and counties receive more funds than they contribute. For example, in fiscal year 1981-82 the State received approximately \$39.0 million more than it contributed.

SCOPE AND METHODOLOGY

In this audit, we determined if the DSS is adequately assisting district attorneys in increasing collections from absent parents for AFDC-related child support cases. To assess whether the DSS is adequately supervising and monitoring the program, we reviewed DSS evaluations of the child support programs in Santa Clara and Alameda counties. We also determined how frequently state personnel visited counties and what assistance they provided the district attorneys.

We also determined whether district attorneys are following federal and state policies for enforcing court orders for child support and the extent to which district attorneys are using the following enforcement methods to collect child support payments on AFDC cases: sending names of absent parents to the Franchise Tax Board and the Internal Revenue Service in order to intercept tax refunds; recording court orders to establish liens and using the Property Tax Exemption File to locate residential real property in the state; and, obtaining wage assignments and writs of execution. We also estimated the loss of funds resulting from inadequate use of these enforcement methods.

To determine if the district attorneys are effectively using enforcement tools to collect child support payments, we examined a random sample of 118 AFDC-related cases at the Santa Clara County District Attorney's Office, and 138 cases at the Alameda County District Attorney's Office. We also surveyed 13 additional district attorneys with the largest AFDC child support caseload to determine their policies on recording court orders to establish liens and using the Property Tax Exemption File, participating in the Tax Intercept Program, and using priority systems for selecting absent parents for enforcement actions. We also interviewed federal, state, and county officials, including representatives of the California Family Support Council.

Using the same sample of cases, we also determined if district attorneys could increase collections by using a priority system based on the absent parent's income to select AFDC cases for enforcement work. From the Employment Development Department, we obtained earnings data to determine the absent parent's income. We obtained county guidelines that provide a schedule of child support payments that an absent parent is expected to pay based primarily on his or her income. We then determined the amount of increase in child support payments that could be obtained by using a priority system, without any increase in staff.

In preparing this report, we discussed our findings with and considered the comments of officials from the Alameda County District Attorney's Office and the Santa Clara County District Attorney's Office. Also, we discussed our findings with representatives of the California Family Support Council and considered their comments in preparing this report.

In Chapter I, we present our assessment of how the DSS is supervising and monitoring the Child Support Enforcement Program. In Chapter II, we discuss enforcement measures by which district attorneys could increase collections of child support payments. Chapter III contains our conclusion and recommendations.

CHAPTER I

THE DSS COULD MORE EFFECTIVELY SUPERVISE AND MONITOR THE DISTRICT ATTORNEYS' ADMINISTRATION OF THE CHILD SUPPORT ENFORCEMENT PROGRAM

The State Department of Social Services (DSS) is not adequately fulfilling its roles as supervisor and monitor of county administration of the Child Support Enforcement Program. Although the DSS routinely forwards to district attorneys information on various aspects of program management, it has issued few enforcement guidelines on effective policies. Further, the DSS is not detecting enforcement deficiencies in district attorneys' performance because of its ineffective monitoring procedures and inadequate staffing.

THE DSS COULD ENSURE MORE EFFECTIVE LOCAL OPERATION OF THE CHILD SUPPORT ENFORCEMENT PROGRAM

The DSS is responsible for ensuring effective operation of the Child Support Enforcement Program at the county level. We found that the potential exists for district attorneys to increase their collections of child support payments by millions of dollars. Such collections could reduce the cost of welfare to taxpayers.

Federal regulations require that child support enforcement agencies use proper, efficient, and effective enforcement methods to collect child support payments. Under Title 45, Code of Federal Regulations, Section 305.23, the DSS is responsible and accountable for the operation of the Child Support Enforcement Program in California. Furthermore, the DSS is responsible for ensuring that district attorneys comply with federal regulations.

However, as we discuss in Chapter II, our survey of the 13 largest counties and our detailed review of the child support payment collection operations of two district attorneys show that district attorneys are not always making the best use of proper, efficient, and effective enforcement methods to collect child support payments. We found that two district attorneys are not taking full advantage of their authority to intercept the income tax refunds of parents who are delinquent in making their child support payments. Consequently, the two counties we reviewed failed to collect at least an additional \$966,000 in tax refunds for tax year 1981. Furthermore, some district attorneys could increase collections if they used a priority system on AFDC cases to concentrate their enforcement actions on absent parents who have the greatest incomes. In one of the two counties we reviewed, the potential existed for the district attorney to increase the collection of child

support payments by at least \$1.7 million during the second half of 1981 if the district attorney had adopted a priority system. Finally, we found that district attorneys are not always using the most effective available legal remedies, such as liens and wage assignments, to enforce payment of child support obligations.

**THE DSS COULD PROVIDE DISTRICT ATTORNEYS
WITH MORE GUIDELINES ON EFFECTIVE
ENFORCEMENT POLICIES AND PROCEDURES**

Even though the Child Support Program Management Branch (branch) of the DSS has known about many of the enforcement problems we identified in the district attorneys' administration of the program, the branch has issued few guidelines that specify effective enforcement policies and procedures that district attorneys should use. Currently, the DSS issues informational letters to district attorneys on various subjects related to child support. Examples of information that the DSS provides to district attorneys include instructions for claiming reimbursement of program costs, copies of federal laws and regulations, and data from child support surveys. During fiscal year 1981-82, the DSS issued 33 informational letters to district attorneys. However, these letters do not establish enforcement standards with which district attorneys are expected to comply.

The State Constitution states that the Attorney General has the authority to supervise the district attorneys. The Chief of the Child Support Program Management Branch states that because of this constitutional provision, the DSS has not issued mandates that require district attorneys to implement enforcement policies and procedures. The deputy attorney general responsible for coordinating child support activities agrees with the branch chief's position but believes that this provision does not prevent the DSS from issuing guidelines specifying good practices that district attorneys should employ. Several district attorneys we interviewed stated that enforcement guidelines from the DSS would be helpful to their enforcement efforts.

To clarify the authority of the DSS guidelines, the deputy attorney general responsible for the Child Support Enforcement Program suggested that the DSS could work with the Attorney General to issue guidelines jointly to district attorneys. Under such an arrangement, the DSS would develop guidelines to promote more effective and efficient program management by district attorneys. In our opinion, these guidelines should be developed in consultation with a representative group of district attorneys. Then the DSS would

forward these guidelines to the Attorney General for approval. Once approved by the Attorney General, the guidelines, carrying the authority of both the Attorney General and the DSS, would be issued to the district attorneys.

The Chief of the Child Support Program Management Branch stated that while this joint arrangement could possibly work, there are other considerations. First, he felt that progress could be slow because the two agencies might not agree on the method of developing and issuing guidelines. Second, he stated the district attorneys may still not follow the guidelines and that other solutions may be necessary. One solution is to create additional financial incentives or penalties. For example, the Legislature could authorize the DSS to withhold all or a portion of the 7.5 percent state incentive payment from counties that fail to implement effective enforcement methods. The Legislature could also authorize the DSS to provide additional state incentive payments to district attorneys who increase collections as a result of using effective enforcement policies and procedures.

To compel district attorneys to improve their operations, the DSS could report its findings on a noncompliant district attorney who is not using effective enforcement policies and procedures to the county grand jury, the county

board of supervisors, and the Attorney General. The county grand jury is authorized to investigate and report on the operations, accounts, and records of any function of county government. The county board of supervisors is authorized to increase or decrease the district attorney's budget. The Welfare and Institutions Code authorizes the Director of the DSS to refer a noncompliant district attorney to the Attorney General for appropriate action when there is a substantial program noncompliance.

Another solution may be to relocate program operations to other governmental entities. Several county officials we interviewed suggested that the supervision of the program be moved from the DSS to the Attorney General.

THE DSS COULD IMPROVE ITS MONITORING PROCEDURES

In addition to indicating that the DSS needs to issue more enforcement guidance to district attorneys, our review indicates that the DSS could monitor the district attorneys' administration of the Child Support Enforcement Program in a more effective manner. Title 45, Code of Federal Regulations, Section 305.21, requires that the State conduct a regular planned examination and evaluation of operations of the Child Support Enforcement Program as performed by local district

attorneys. Although the DSS examines district attorney operations periodically, we found that the scope of these reviews was too narrow to identify deficient enforcement practices. For example, during 1981, in conducting reviews that focused on district attorneys' procedures for claiming reimbursement for operating costs, the DSS analysts spent approximately three days in Santa Clara and Alameda counties. Analysts responsible for these evaluations do not usually sample case files to review actual casework practices. Consequently, the DSS analysts often do not detect deficient enforcement practices. When we reviewed a sample of case files in those two counties, we identified a number of problems that the analysts did not identify during their examination.

However, not only does the DSS need to improve its review process to identify problems in the Child Support Enforcement Program operations of local district attorneys, DSS analysts need to change the nature of their reviews and improve the quality of their written reports. This was pointed out in the 1981 Federal Office of Child Support Enforcement audit report on the State's Child Support Enforcement Program. The audit described the DSS monitoring unit as primarily a consultative unit rather than an evaluative unit. The audit further stated that the DSS reports did not include the results

of the consultations, such as the findings of the reviewer regarding areas needing improvement and corrective action the county agreed to take.

The Chief of the Child Support Program Management Branch stated that the Operations Bureau, which reviews the enforcement activities of district attorneys, is changing its monitoring procedures to include a limited review of case files. He stated further, however, that reviewing a number of files similar to the size of our sample would require an increase in the Operations Bureau's staff and travel budget. The DSS budget allocates nine permanent analyst positions to the Operations Bureau. At the time of our review, four positions were vacant because of the State's hiring freeze, leaving five analysts to monitor the child support programs in all 58 counties.

The Child Support Program Management Branch is currently requesting Department of Finance approval for three new staff positions for a Child Support Quality Assurance Pilot Project. The proposal states that this pilot program would enable the branch to "assure program conformity and effectiveness through a continuous review of cases obtained through a statistically valid sample."

In our opinion, however, the DSS should not employ more analysts until it improves its monitoring procedures, until its monitoring reports demonstrate continued success in identifying deficient enforcement practices, and until it can demonstrate that, as a result of these reviews, county collections of child support payments are increasing.

CHAPTER II

DISTRICT ATTORNEYS COULD SIGNIFICANTLY INCREASE THEIR COLLECTION OF CHILD SUPPORT FROM ABSENT PARENTS

District attorneys could increase their collection of child support payments through better use of enforcement actions. These enforcement actions include the Tax Intercept Program, property liens, wage assignments, and writs of execution. Collections could also be increased by assigning priorities to AFDC cases based on the absent parent's income, and by improving case management procedures. This chapter discusses the district attorneys' administration of the Child Support Enforcement Program. We also discuss specific measures that district attorneys could adopt to improve the program and increase collections of child support.

DISTRICT ATTORNEYS COULD INCREASE COLLECTIONS OF CHILD SUPPORT THROUGH BETTER USE OF THE TAX INTERCEPT PROGRAM

The Tax Intercept Program seizes federal and state income tax refunds of absent parents in order to pay child support obligations in AFDC cases. However, district attorneys use different criteria in selecting absent parents' cases for referral to the Tax Intercept Program. District attorneys have established different minimum child support debt limits for

referring cases to the program. Also, while some district attorneys refer to the program all cases in which the minimum debt limit is exceeded, regardless of whether the absent parent is making the court-ordered payments on the child support debt, other district attorneys refer cases when the minimum debt is exceeded only if the absent parent is not making payments on the debt. The amount of child support that district attorneys collect depends on the criteria used in selecting cases to refer to the program. Additionally, absent parents are not receiving equal treatment throughout the State. In some instances, absent parent cases that are referred to the program in one county would not have been selected for referral in another county. Finally, some district attorneys are not referring all eligible cases to the program, resulting in significant loss of child support collections.

The Tax Intercept Program

The State Department of Social Services, in conjunction with the Franchise Tax Board and the Internal Revenue Service, operates a state and federal program to intercept income tax refunds of absent parents who owe child support debts in AFDC-related cases. Through this system, the district attorneys voluntarily submit to the DSS the names of absent parents, their social security numbers, and the amounts of child support debt. The DSS sends this information to the

Franchise Tax Board and the Internal Revenue Service. The Franchise Tax Board and the Internal Revenue Service examine the absent parent's income tax return for the taxable year to determine if those individuals owing child support have an income tax refund. If the absent parent has a tax refund, the Franchise Tax Board and the Internal Revenue Service reduce the tax refund to the absent parent by the amount owed to the county. The DSS and the Internal Revenue Service notify the taxpayer and send the amount collected to the county. The county then reduces the absent parent's child support debt by the amount collected. The federal program began in 1981; the state program began in 1979.

Both state and federal law authorize use of the Tax Intercept Program to collect child support obligations from absent parents in AFDC cases. Under Section 12419.5 of the California Government Code, the State may offset any debt to the State from any person. Section 11477(a) of the California Welfare and Institutions Code provides that when custodial parents apply for public assistance, they must assign their rights to receive child support to the State. Therefore, when the absent parent does not pay his or her child support obligation, he or she incurs a debt to the State. Public Law 97-35 specifies provisions for participating in the federal Tax Intercept Program.

The DSS believes that the Tax Intercept Program is an effective and inexpensive means for collecting child support payments. For tax year 1981, the DSS collected over \$59.3 million from more than 61,200 absent parents. Of this total, the DSS collected approximately \$46.5 million from the federal Tax Intercept Program and \$12.8 million from the state Tax Intercept Program. These collections represent a substantial portion of all AFDC child support collections for 1982.

District Attorneys Use
Different Criteria for
Referring AFDC Cases
to the Tax Intercept Program

District attorneys are using different criteria for selecting AFDC cases to refer to the Tax Intercept Program. In many instances, district attorneys are not following state and federal guidelines on minimum child support debt amounts. Also, in referring cases to the Tax Intercept Program, district attorneys use different criteria regarding the payment history of the absent parent. Because district attorneys are using different criteria to refer cases to the program, the amount of child support payment collections is affected. Using different criteria also means that absent parents are not receiving equal treatment.

Some District Attorneys Are Not
Using State and Federal Guidelines
On Minimum Child Support Debt Amounts

The DSS has issued to the district attorneys letters that provide the criteria for referring cases to the Tax Intercept Program. To be eligible for the 1981 state program, cases must be AFDC-related, there must be a court order requiring child support payments, and the absent parent's name and social security number must be included. The DSS also required a minimum child support debt of \$100. However, the DSS allows district attorneys to establish a higher minimum debt amount. The Federal Office of Child Support Enforcement established requirements similar to California's for selecting cases for the federal program, except that the minimum debt must be at least \$150 and payments must be at least three months delinquent.* State guidelines do not include criteria on payment history.

The DSS screens the cases selected by the district attorneys to ensure that all cases contain the absent parent's name and social security number and meet the minimum debt criteria for the state or federal programs. Further, the DSS

* The Federal Office of Child Support Enforcement is a unit within the Federal Department of Health and Human Services. The office is responsible for the administration of the Child Support Enforcement Program under federal laws and regulations.

requires district attorneys to certify that the cases they select meet the State's submission requirements. The DSS deletes all cases that do not meet these requirements.

In our survey of the 15 counties with the largest AFDC child support caseload, we found that some district attorneys have established minimum debt amounts higher than the recommended state and federal guidelines for referring a case to the Tax Intercept Program. District attorneys have established minimum debt amounts ranging from \$100 to \$300 for the state program and from \$150 to \$500 for the federal program. The following table shows the debt amount criterion for selecting cases for the Tax Intercept Program as established by district attorneys in the 15 counties with the largest AFDC caseload.

TABLE 1
 MINIMUM CHILD SUPPORT DEBT FOR REFERRING
 CASES TO THE TAX INTERCEPT PROGRAM IN
15 COUNTIES WITH THE LARGEST AFDC CASELOAD, TAX YEAR 1981

<u>County</u>	<u>State Program</u>	<u>Federal Program</u>
Alameda	\$150	\$150
Contra Costa	\$150	\$150
Fresno	\$150	\$150
Kern	\$100	\$150
Los Angeles	\$300	\$300
Orange	\$100	--- ^a
Riverside	\$150	\$150
Sacramento	\$150	\$150
San Bernardino	\$100	\$250
San Diego	\$300	\$300
San Francisco	\$100	\$150
Santa Clara	\$200	\$500
Sonoma	\$150	\$150
Tulare	\$150	\$150
Ventura	\$150	\$150

^a The Orange County District Attorney did not participate in the 1981 federal program because of electronic data processing problems. The district attorney will participate in the program for tax year 1982.

As shown in the above table, eleven district attorneys established higher minimum debt amounts for the state program than the DSS minimum of \$100. For the federal program, four district attorneys used higher minimum debt amounts than the federal minimum of \$150. The AFDC caseload of these four district attorneys represents 50 percent of the total state AFDC cases.

When district attorneys establish a minimum debt criterion that is higher than what the DSS requires, the collection of child support is reduced. Cases with debts larger than the minimum required by the DSS but smaller than the higher amount established by the district attorney are not selected for referral to the Tax Intercept Program. For example, the Santa Clara County District Attorney established a \$500 minimum for the federal program, which is \$350 higher than the recommended minimum, and a \$200 minimum for the state program, which is \$100 higher than the DSS recommended minimum. As a result, cases with a debt amount between the DSS recommended minimum and the district attorney's minimum were not submitted to the Tax Intercept Program. By using the DSS minimum for tax year 1981, the Santa Clara County District Attorney could have referred approximately 450 additional absent parent cases to the federal program. These absent parents owed approximately \$151,500. In 1981, Santa Clara County collected child support payments in 56 percent of the cases submitted to the federal program. Using that percent of actual collections, we estimate that an additional 250 absent parents would have had their income tax refunds intercepted if the Santa Clara County District Attorney had followed the guidelines.

During our audit, district attorneys gave various reasons for establishing a minimum debt criterion higher than the DSS requirement. The Santa Clara County District Attorney established a higher minimum debt to prevent possible incorrect seizure of tax refunds of absent parents and to avoid the processing of refunds for incorrectly intercepted tax refunds. Other district attorneys stated that officials from the Federal Office of Child Support Enforcement encouraged the use of higher minimum debt amounts for tax year 1981 to avoid incorrect seizure of tax refunds. Other district attorneys use higher minimum debt amounts to avoid possible complaints by absent parents to the Federal Office of Child Support Enforcement, the DSS, and the county boards of supervisors for incorrect seizure of tax refunds. On the other hand, some district attorneys reported that they do not have a significant problem with the incorrect seizure of tax refunds when they use the suggested minimum debt. The DSS believes the district attorneys should have the latitude to establish a higher minimum debt criterion to meet individual county circumstances. For example, in 1981 some district attorneys established a higher minimum debt criterion because that year was the first year of operation for the federal program and the district attorneys were not sure that the program would operate correctly.

We believe, however, that the DSS should encourage the district attorneys to use the minimum debt amounts when referring cases to the Tax Intercept Program. This would ensure that district attorneys maximize the amount of child support collected through the program. However, we also believe that the DSS should establish procedures to exempt district attorneys from using minimum debt amounts under certain circumstances. In these cases, the district attorney should justify the use of higher minimum debt amounts.

District Attorneys Use
Different Criteria Regarding the
Payment History of the Absent Parent

In our survey of the 15 counties, we found that district attorneys are using different criteria regarding the payment history of the absent parent when referring cases to the Tax Intercept Program. Nine district attorneys refer cases to the program when the absent parent's debt exceeds the minimum debt amount established in their county, without regard to the absent parent's payment record. District attorneys in Contra Costa, Fresno, Los Angeles, Sacramento, San Bernardino, San Diego, San Francisco, Santa Clara, and Ventura counties follow this policy.

On the other hand, six district attorneys do consider the absent parent's payment history when selecting cases. In these counties, cases are submitted to the Tax Intercept Program only when the debt exceeds the minimum amount and the absent parent has missed a portion of his or her court-ordered installment payment on the child support obligation. District attorneys in Alameda, Kern, Orange, Riverside, Sonoma, and Tulare counties use this policy. When a case is selected, all 15 district attorneys submit the entire child support debt for collection.

However, even district attorneys who use the payment history criteria to refer cases to the Tax Intercept Program have established differing methods to determine delinquency. For example, the Alameda County District Attorney refers a case only when, within the last six months, the absent parent has paid less than 90 percent of the child support obligation in any two months. The Orange County District Attorney refers a case only when the absent parent has missed 40 percent of the child support obligation during a six-month period. Other district attorneys use still different formulas regarding payment history.

In an opinion, the Legislative Counsel states that a district attorney can seize the tax refund for an amount equal to the past-due installment payments if the absent parent

failed to pay the installments in a timely fashion. However, according to the Legislative Counsel, the district attorney can intercept the entire debt only if the court order has an acceleration clause, which states that the entire debt is due and payable if the absent parent does not pay the installment payment. The Legislative Counsel also stated that a district attorney may not employ the Tax Intercept Program to collect child support payments in cases where there is a court-ordered installment payment schedule on a child support debt and the absent parent has paid the payments.

We have shown above that the use of different criteria regarding minimum debt amounts can affect both the number of cases selected for referral to the Tax Intercept Program and the total amount of collections. A similar effect on collections occurs when district attorneys apply different criteria regarding payment history. District attorneys who use the minimum debt criteria alone refer more cases to the program than do district attorneys who consider payment history criteria.

A single example, based on our sample results from Alameda County, illustrates how using different criteria can result in reduced or increased collections. In 1981, the Alameda County District Attorney used the payment history and minimum debt criteria to select cases for referral to the Tax

Intercept Program. If the district attorney had used the minimum debt criterion alone without regard to payment history, we estimate that an additional 1,730 cases would have been referred to the Tax Intercept Program. Based on 1981 tax interception rates, we estimate that tax refunds would have been intercepted in at least 41 percent of these cases. Our estimates, based on a statistical confidence level of 95 percent, project that Alameda County, simply by using different criteria, would have increased its collections of child support payments by at least \$693,000.

Using Different Criteria
Results in Inequitable
Treatment of Absent Parents

When county district attorneys use different criteria for referring cases to the Tax Intercept Program, yet another problem results: absent parents do not receive equal treatment. Inequitable treatment results because cases that have similar debt amounts and payment histories are referred to the Tax Intercept Program in some counties but are not referred in other counties. The following hypothetical example illustrates how an absent parent could be treated differently by district attorneys, depending on the criteria applied in a given county. This absent parent has a \$5,000 debt, with required payments of \$100 per month. The court order does not

contain an acceleration clause that states that the entire debt is due and payable if the installment payment is not paid by the absent parent.

Supposing that this hypothetical absent parent has been making regular required payments on the debt, district attorneys would refer different amounts to the Tax Intercept Program depending on the criteria used. Using the debt criterion without regard to payment history, one district attorney would submit the entire debt of \$5,000, while another district attorney who uses a payment history criterion would not refer the case to the Tax Intercept Program. A district attorney acting in accordance with the Legislative Counsel's opinion also would not refer the case because the absent parent made all the required installment payments.

On the other hand, if the absent parent did not pay four monthly installments of \$100, or a total of \$400, a district attorney could refer the case under all three criteria, but the amount submitted to the program for collection would be different. Using the debt and payment history criteria, a district attorney could refer the entire \$5,000 balance. Acting in accordance with the Legislative Counsel's opinion, the same district attorney would submit only the total of the missed installments, or \$400.

District Attorneys Are Not
Referring All Eligible AFDC Cases
to the Tax Intercept Program

District attorneys could have increased their child support collections if they would have referred to the Tax Intercept Program all cases that met their own established criteria. For tax year 1981, the Santa Clara County District Attorney could have collected at least \$703,800 more from tax refunds; the Alameda County District Attorney could have increased collections by at least \$262,200. Further, these district attorneys could have received additional federal and state incentive payments of 22.5 percent, or \$217,400, on these missed collections.

Many Eligible AFDC Cases
Were Not Referred to the
Tax Intercept Program

Each district attorney establishes criteria for referring cases to the Tax Intercept Program. Before referring a case to the program, the Santa Clara County District Attorney requires that the absent parent must have a child support debt of at least \$500 for the federal program and \$200 for the state program. The Alameda County District Attorney requires that the absent parent owe at least \$150 for either the state or the federal program and must have paid less than 90 percent of the monthly obligation for two months during a six-month period.

Based upon our review of a sample of 121 cases, we found that the Santa Clara County District Attorney did not refer 36 cases that met county criteria for referral to the Tax Intercept Program. This figure represents 30 percent of the cases sampled. Further, we found that 12 of these 36 absent parents received income tax refunds. If all eligible cases had been referred, we estimated that the district attorney could have collected at least \$703,800 in additional child support payments for tax year 1981.

Based upon our review of 138 cases in Alameda County, we found that the district attorney did not select 17 (12 percent) of the cases that met county criteria for referral to the Tax Intercept Program. Further, we found that 7 of these absent parents received income tax refunds. As a result of not referring all eligible cases, the district attorney missed the opportunity to collect at least \$262,200 in additional child support payments for tax year 1981.

The Santa Clara County District Attorney did not refer the 36 eligible cases to the Tax Intercept Program for two reasons; both are related to missing social security numbers. First, the social security numbers of many absent parents were not included on the district attorney's

computerized list of accounts. The DSS requires the district attorneys to supply social security numbers of absent parents when cases are referred to the Tax Intercept Program.

The supervising deputy district attorney in Santa Clara County told us that obtaining social security numbers was not considered important prior to the Tax Intercept Program. Before 1980, the county welfare department was responsible for obtaining social security numbers. But because the welfare department did not require social security numbers of the absent parent, the welfare department assigned a low priority to obtaining this information.

Second, the Santa Clara County District Attorney did not have social security numbers listed in all separate accounts for the same absent parent. An absent parent may have several accounts. In Santa Clara County, each account is listed with a social security number. An absent parent with five accounts would usually have the same social security number listed in all five accounts. However, if the social security number was missing from an AFDC account, the district attorney would not refer the account to the Tax Intercept Program although other accounts for the same absent parent included the social security number. For example, one absent

parent's income tax refund of \$166 was not seized because the social security number was not included in the AFDC account, even though a non-AFDC account did include the social security number.

As a result of our review, the Santa Clara County District Attorney has instituted corrective action to ensure that all eligible cases are referred for the tax year 1982. The district attorney's staff has located approximately 3,600 missing social security numbers by reviewing case files. Further, the district attorney has taken steps to place the social security number in all accounts of an absent parent. This ensures that the district attorney can select all eligible accounts. Finally, the supervising deputy district attorney issued a memo to his staff assigning the highest priority to locating missing social security numbers.

In Alameda County, all cases that the district attorney did not refer were child support "arrears only" accounts. The district attorney defines an "arrears only" account as a delinquent amount for child support where there is no ongoing child support obligation. The assistant district attorney stated that his staff did not have sufficient time to review each of the 3,300 arrears only cases separately to ensure that such cases were eligible for the Tax Intercept Program. Consequently, the county was able to review only

1,468 (44 percent) of the arrears only accounts. As a result of our audit, the assistant district attorney has referred all eligible arrears only cases to the next Tax Intercept Program.

As a result of the corrective action taken by Alameda and Santa Clara counties, both district attorneys will refer eligible cases to the Tax Intercept Program for tax year 1982 that were not submitted for tax year 1981. By submitting these cases for 1982, the district attorneys should recover a portion of the missed collections for 1981.

Failure to Refer Eligible AFDC
Cases to the Tax Intercept
Program Results in Losses to
Federal, State, and County Governments

Because intercepted income tax refunds of absent parents reimburse the federal, state, and county governments for expenditures for the AFDC program, district attorneys should refer all eligible cases to the Tax Intercept Program. The three levels of government share the tax refund collections in proportion to their participation in AFDC expenditures. When district attorneys do not refer eligible cases to the Tax Intercept Program, the federal, state, and county governments lose money. Also, when child support payments are not collected, the counties do not receive incentive payments from the federal and state governments. The counties receive an

incentive payment of 22.5 percent of the child support collection on AFDC cases, consisting of 15 percent from the federal government and 7.5 percent from the State.

For tax year 1981, we estimate that the three levels of government lost a combined total of \$966,000 because not all eligible absent parent cases in two counties were referred to the Tax Intercept Program. Santa Clara County lost incentive payments of \$158,400, while Alameda County lost incentive payments of \$59,000. The following table shows the loss to each level of government because the district attorneys of Alameda and Santa Clara counties did not refer all eligible AFDC cases to the Tax Intercept Program.

TABLE 2

LOSS OF REIMBURSEMENTS TO
FEDERAL, STATE, AND COUNTY GOVERNMENTS
BECAUSE DISTRICT ATTORNEYS DID NOT REFER
ALL ELIGIBLE AFDC CASES
TO THE TAX INTERCEPT PROGRAM, TAX YEAR 1981

	<u>Share of Recovery</u>	<u>Incentive Payment</u>	<u>Loss</u>
Alameda County	\$ 13,100	\$ 59,000	\$ 72,100
Santa Clara County	35,200	158,400	193,600
State	434,700	(72,500)	362,200
Federal	<u>483,000</u>	<u>(144,900)</u>	<u>338,100</u>
Total	<u>\$966,000</u>	<u>\$ -0-</u>	<u>\$966,000</u>

As the table shows, the federal government lost at least \$338,100; the State lost at least \$362,200 in 1981. Missed collections and incentive payments cost Alameda and Santa Clara counties at least \$72,100 and \$193,600 respectively. These projections are made at the 95 percent confidence level.

DISTRICT ATTORNEYS SHOULD ASSIGN
PRIORITIES TO AFDC CASES ACCORDING
TO ABSENT PARENTS' INCOME

If some district attorneys assigned priorities for enforcement work on AFDC cases on the basis of absent parents' income, they could significantly increase their collection of child support payments without any increase in staff. Many district attorneys do not have sufficient resources to take enforcement actions against all absent parents who have not met their court-ordered child support obligations. Further, district attorneys must dedicate a significant portion of their resources to their non-AFDC caseloads because federal law requires the district attorneys to make services available to any individual requesting such services. Priority systems based primarily on absent parents' income allow district attorneys to concentrate enforcement efforts on those welfare cases that are most likely to produce child support payments.

Most district attorneys do not submit their entire list of absent parents whose child support payments are delinquent to the California Parent Locator Service for quarterly earnings data. Without this information, district attorneys are often unaware of the earnings of absent parents and cannot assign enforcement priorities according to the absent parents' income.

In 1980, the Federal Office of Child Support Enforcement encouraged the use of priority systems that select the most productive AFDC cases for enforcement work. The DSS has endorsed this idea and forwarded copies of the 1980 federal policy to the State's 58 county district attorneys. However, the DSS has made few attempts to encourage district attorneys to adopt priority systems that select cases for enforcement work based on the absent parents' income.

District Attorneys Can Obtain Absent Parents' Earnings Data

To assign priorities for enforcement work on AFDC cases according to absent parents' income, district attorneys must obtain earnings data for all absent parents whose child support payments are delinquent. The California Parent Locator Service (CPLS) provides district attorneys with earnings data that include all salaries earned by employees of firms in California.

District attorneys of six counties--Fresno, Kings, Los Angeles, Sacramento, San Luis Obispo, and Shasta--already request these data for their AFDC caseload on a routine basis. These district attorneys use this information to select those cases that appear to have the greatest potential for collections, as indicated by the absent parents' income. For example, the San Luis Obispo County District Attorney submits the entire caseload to the CPLS every three months. After the CPLS returns the requested earnings data to the district attorney, staff members assign priorities for enforcement work to cases with the greatest potential for collections. The assistant district attorney for San Luis Obispo County believes that this practice has enabled the county to increase its collection of child support payments.

The manager of the CPLS has stated that the 52 remaining district attorneys could be accommodated if they requested quarterly earnings data for all absent parents who have not met their court-ordered child support obligations. The manager further stated that this data could be provided at no cost to the district attorneys if the number of counties requesting this information increased gradually.

District Attorneys Are Missing
Opportunities to Increase Collections

We surveyed the 15 district attorneys with the largest AFDC child support enforcement caseload. Seven district attorneys, including the Alameda County District Attorney, either have sufficient resources to take enforcement action against all absent parents who have not met their court-ordered child support obligations or submit their entire AFDC caseload to the CPLS for earnings data. Eight of the 15 district attorneys do not have sufficient resources to take enforcement actions against all absent parents who have not met their court-ordered child support obligations. None of these eight district attorneys submits the names of all absent parents whose child support payments are delinquent to the CPLS for earnings data. These district attorneys, whose caseloads represent 38 percent of the State's AFDC child support cases, are in Contra Costa, Kern, Riverside, San Diego, San Francisco, Santa Clara, Sonoma, and Ventura counties.

While these eight counties do use priority systems, their priority systems are not based primarily on absent parents' income. For example, the San Diego County District Attorney assigns highest priority to non-AFDC cases where the custodial parent may need to apply for AFDC benefits in the near future, second priority to AFDC cases, and third priority to non-AFDC cases. The Santa Clara County District Attorney

assigns highest priority to cases in which one of the parents makes a telephone or written inquiry. Second priority is assigned to cases referred to enforcement workers from other staff within the district attorney's office, and third priority to cases on the list of absent parents whose child support payments are 90 days overdue.

District attorneys who do not use priority systems based on absent parents' income are missing opportunities to increase child support collections. In order to estimate potential collections under a priority system based on absent parents' income, we examined a random sample of 118 Santa Clara County cases in which the custodial parent received AFDC benefits. We submitted the name of the absent parent in each sample case to the CPLS for earnings data. We then ranked the cases according to income and selected the top 18 cases for further analysis. Finally, we used the Santa Clara County Superior Court Child Support Guidelines that provide a schedule of child support payments that an absent parent is expected to pay based primarily on his or her income.

Applying the child support guidelines to the earnings data, we determined the monthly amount that each absent parent could be expected to pay for child support during the time period under review. This figure did not exceed the amount of child support the absent parent owed under the existing court

order for the case. For example, if the absent parent had enough income to pay \$200 per month, but the court order was for \$150 per month, the county could only expect to collect \$150 per month.

Our results indicated that the Santa Clara County District Attorney could have increased his collections of child support if he had adopted a priority system based on absent parents' income. For example, in one of our sample cases an absent parent earned \$27,150 during the year, owed \$4,800, and paid nothing. In another sample case, the absent parent earned \$22,700, owed \$11,800, and also paid nothing for child support. If the district attorney had adopted a priority system based on absent parents' income, both of these cases would have been selected for enforcement work.

During the second half of 1981, the Santa Clara County District Attorney collected \$1.94 million in AFDC child support payments. Additional child support payments could have been collected without any increase in staff if priorities for enforcement work on AFDC cases were assigned according to absent parents' income. Based on our sample, we estimate that the potential existed for the district attorney to collect additional child support of at least \$1.7 million. The increased collections would have either reimbursed the federal, state, and county governments for their AFDC expenditures or

enabled some custodial parents and their children to become self-supporting, thus eliminating the need for AFDC expenditures to those families. Our projection, made at the 95 percent level of confidence, is based on the assumption that the district attorney would have collected all court-ordered child support that absent parents could afford to pay based on the superior court guidelines on those cases selected for enforcement work. Further, this level of increased collections would not necessarily continue into future periods because the number of unworked cases showing high income amounts would be reduced over time.

Although the supervising deputy district attorney of Santa Clara County stated that a priority system based on the absent parents' income would increase child support collections, he questions our assumption that the amounts we calculated in our sample cases would have, in fact, been collected. First, the absent parents may have moved or left their jobs. Second, judges do not always use the superior court child support guidelines when determining the amount the court will order the absent parent to pay.

We believe, however, that there are balancing factors to be considered. When making our projection of an increase of at least \$1.7 million in child support collections, we assumed that the amount of effort spent enforcing AFDC cases remains

the same and the number of cases selected for enforcement remains the same. This is a conservative assumption and would result in underestimating the impact of our priority system based on the absent parents' income. This conservative assumption does not reflect the fact that the selected cases are easier to enforce and that, therefore, more cases will actually be selected for enforcement. The cases are easier to enforce because the incomes of the absent parents and the employer's names are known from the CPLS data. Further, if an absent parent moves or leaves his or her job, district attorney staff can simply select another high priority case for enforcement action.

The DSS Has Made Only Limited
Effort to Encourage District
Attorneys to Adopt Priority Systems

Many district attorneys have adhered to the regulations issued by the Federal Office of Child Support Enforcement in 1975 stipulating that district attorneys should pursue collections in all cases. These district attorneys attempt to take enforcement actions against all absent parents who have not met their child support obligation. However, these district attorneys have, in effect, ignored the policy statement issued by the federal government in 1980 that encouraged district attorneys to adopt priority systems that select the most productive cases for enforcement work.

Additionally, the federal government proposed regulations on October 28, 1982, that would specifically permit the use of priority systems in order to increase program efficiency.

The DSS has made little effort to encourage district attorneys to adopt priority systems based on absent parents' income. The DSS has informed many district attorneys about the "CHASE" priority system developed by a private firm for the Federal Office of Child Support Enforcement. This system was designed to enable district attorneys to select those cases in which the absent parent would be most likely to pay child support. However, because the DSS does not believe it has the authority to issue statewide directives, the DSS did not require district attorneys to establish priority systems. Further, the DSS has not attempted to demonstrate for the district attorneys the potential increase in collections that a priority system based on absent parents' income could generate.

DISTRICT ATTORNEYS COULD MORE
EFFECTIVELY USE LIENS AS
A COLLECTION TOOL

District attorneys may record court orders to establish liens to secure payment of court-ordered child support. However, district attorneys are not recording court orders in all possible situations. Some district attorneys do not routinely record all new court orders to establish a lien,

but do so only when they are aware that the absent parent owns property. These district attorneys believe that property liens are not as effective as other collection tools. The district attorneys in Alameda and Santa Clara counties do have a policy to record court orders routinely, but their staff members are not always following this policy.

Additionally, most district attorneys in the State are not using the Property Tax Exemption File, which enables district attorneys to identify residential properties that absent parents own statewide. The use of the Property Tax Exemption File would result in hundreds of thousands of dollars in potential collections. The DSS has only informally encouraged district attorneys to record court orders to establish liens, has not provided counties with guidelines on the use of liens to collect support debts, and has not ensured that district attorneys use the Property Tax Exemption File.

The Lien as a Collection Tool

Under federal and state laws, district attorneys may use liens against real property owned by an absent parent. When the district attorney records the court order for child support with the county recorder, a lien is then established against any real property the absent parent may own. The lien is in force for 10 years and may be renewed. Typically, when a

person attempts to sell real property, the title company searches the county records before transferring title to a new owner. In the case of an absent parent, if the title company discovers a lien, the company requires that the absent parent pay the child support debt before the title is transferred and insured.

Liens can also result in child support collections when an absent parent attempts to borrow money to purchase real property. Most mortgage companies check county records to see if a lien has been recorded against the borrower. If the mortgage company locates a lien against an absent parent, the company contacts the district attorney. Most mortgage companies will require that the district attorney be paid before money is loaned to an absent parent to buy property. If the absent parent is unable to pay off the child support debt, most mortgage companies cancel the transaction. Thus, if a court order is not recorded, the district attorney will not collect child support when absent parents sell real property, or be notified that the absent parent is attempting to borrow money to purchase real property.

The Chief of the DSS Child Support Program Management Branch maintains that recording court orders is an effective collection tool and that district attorneys should record all court orders. For example, from 157 liens from April 1981

through May 1982, Santa Clara County collected over \$500,000, nearly 10 percent of the county's collections from all AFDC cases for this period. There is no cost to the district attorney to record court orders. The district attorneys of the two counties we visited stated that administrative costs are minimal.

The DSS could provide district attorneys with information describing the effectiveness of using liens. However, the DSS has only informally encouraged counties to record court orders to establish liens and has not provided counties with guidelines on the use of liens to collect child support debts. Further, the DSS has not recently disseminated information about successful lien practices. The last time the DSS provided counties with information on the use of liens as an effective enforcement technique was a "Best Practices" memo in May 1979.

Some District Attorneys Are
Not Routinely Recording Court
Orders to Establish Liens

Although the DSS and the Federal Office of Child Support Enforcement maintain that recording court orders to establish liens is an effective collection tool, our review disclosed that some district attorneys do not always use liens to collect child support debts. Six of the 15 district

attorneys we contacted do not have a policy to routinely record all court orders to establish a lien against property of the absent parent. These district attorneys are from Contra Costa, Orange, Sacramento, San Francisco, Sonoma, and Ventura counties. The other nine district attorneys we interviewed do record all newly obtained court orders. These district attorneys are from Alameda, Fresno, Kern, Los Angeles, Riverside, San Bernardino, San Diego, Santa Clara, and Tulare counties.

Four of the six district attorneys do not routinely record court orders until the district attorney receives information indicating that the absent parent owns real property. The custodial parent or absent parent generally provides this information when interviewed by the district attorney staff. The district attorney then sends the court order to the county recorder in the county where the property is believed to be located. Although liens are established by recording an interlocutory judgment, which is a court order setting child support and custody responsibilities during dissolution of a marriage, one district attorney does not record interlocutory decrees unless the absent parent is delinquent in his or her child support payments. Another district attorney asserted that using a lien against real property is not a priority collection tool and is only used if other enforcement techniques are not effective.

The Santa Clara County District Attorney and the Alameda County District Attorney have formal policies to record court orders to establish liens. However, neither county has a procedure requiring enforcement workers to record court orders that were obtained before the adoption of formal lien policies. Hence, the district attorneys did not always record these court orders. In addition, although Alameda County has a policy to routinely record orders, it does not have a policy to routinely record all interlocutory decrees to establish a lien.

In 19 (16 percent) of 118 cases we reviewed, the Santa Clara County District Attorney had not recorded court orders to establish liens. The remaining 99 cases were handled appropriately. In 18 of the 19 cases, absent parents were delinquent in their child support payments. According to the property listing of the California Parent Locator Service, a unit within the Department of Justice, two of these absent parents owned property in Santa Clara County at the time of our review. One of these two absent parents owed approximately \$11,800 on an AFDC-related case. By not recording court orders, the district attorney cannot assure that child support debts will be collected when these absent parents attempt to sell or purchase property.

The Alameda County District Attorney did not record court orders in 21 (15 percent) of the 138 cases reviewed. The remaining 117 cases were handled appropriately. Eighteen of these absent parents were delinquent in their child support payments. The California Parent Locator Service's property listing showed that one absent parent owned real property in the county at the time of our review.

As a result of our review, the district attorneys we visited agreed to take appropriate action to correct these problems. The supervising deputy district attorney for Santa Clara County has directed attorneys and enforcement workers to examine files when working on cases to determine whether the court order has been recorded in the county. This procedure will ensure recording of all court orders that were obtained before the formal lien policy was established. Similarly, the assistant district attorney for Alameda County directed enforcement workers to ensure that all court orders are recorded, particularly interlocutory decrees.

District Attorneys Are Not Using the Property Tax Exemption File

District attorneys can obtain information from the Property Tax Exemption File (PTEF) regarding residential real property owned by persons who have filed Homeowner's Exemptions. Using this information, the district attorney can

record the child support court order in the county where the property is located. This will establish a lien against the real property owned by the absent parent. The PTEF is particularly useful to district attorneys for identifying property owned outside of their jurisdiction. The California Parent Locator Service, through which district attorneys gain access to the PTEF, does not charge a fee for this service. However, district attorneys must submit inquiries on computer tape. The Manager of the California Parent Locator Service estimates that the PTEF will indicate property ownership in 10 percent of the cases submitted by the district attorneys. Further, the manager estimates that the use of the PTEF will amount to hundreds of thousands of dollars in potential collections.

Although the DSS recognizes the effectiveness of the PTEF, it has not ensured that district attorneys use the property file. We found that most district attorneys are not using the PTEF to identify absent parents who own residential real property. As of October 1982, only 12 of the 58 district attorneys throughout California had submitted a computer tape to the California Parent Locator Service and received the property listings. These district attorneys are from Alameda, Fresno, Humboldt, Kings, Los Angeles, Riverside, Sacramento, San Bernardino, San Luis Obispo, San Mateo, Santa Cruz, and Shasta counties.

Six of the 15 district attorneys we surveyed do not use the PTEF. Four of these six reported that they have not completed the computer programming necessary to obtain access to the PTEF. The other two district attorneys said that they are unsure of the effectiveness of the PTEF. The California Parent Locator Service is currently reviewing the possibility of producing the computer tapes for district attorneys with limited data processing resources. The Manager of the California Parent Locator Service said that the DSS could arrange for data processing for district attorneys unable to submit their own computer tape. The manager estimates that the cost to each of these district attorneys would be \$280 for every 1,000 requests.

Based upon our review of cases in Santa Clara and Alameda counties, we believe the PTEF is an effective enforcement tool. In Santa Clara County, the PTEF indicated that 9 absent parents, or 8 percent of our sample, own residential real property in California. The property owned by 2 of these parents is outside Santa Clara County. In Alameda County, the PTEF indicated that 18 absent parents, or 13 percent of our sample, own residential real property in California. The property owned by 9 of these absent parents is outside Alameda County. Although district attorneys in

Santa Clara and Alameda counties have, to some extent, obtained access to the PTEF, neither had begun recording court orders to establish liens against the properties outside their county.

DISTRICT ATTORNEYS COULD INCREASE
COLLECTIONS OF CHILD SUPPORT BY IMPROVING
THEIR ENFORCEMENT AND CASE MANAGEMENT PROCEDURES

In the two counties we visited, the district attorneys require enforcement workers to collect child support from absent parents whose child support payments are delinquent. However, enforcement workers in these counties do not always take adequate enforcement action, such as wage assignments or writs of execution, to collect delinquent payments.* Further, enforcement actions were sometimes not taken or were delayed because of ineffective case management systems. As a result, the district attorneys have missed opportunities to collect additional child support payments.

* Because we discussed the Tax Intercept Program and recording court orders to establish liens in an earlier section, we exclude those actions from our discussion of enforcement actions in this section of our report.

The Santa Clara County
District Attorney Could Increase
Collections of Child Support by
Improving Enforcement Practices

The Santa Clara County District Attorney requires enforcement workers to enforce the collection of child support from absent parents who have not paid their court-ordered support obligations. Enforcement workers are to identify all delinquent child support accounts, attempt to locate and contact absent parents, locate their employers, determine their income, and determine their ability to pay their support obligations according to superior court child support guidelines. If the use of these procedures does not result in collecting child support from absent parents, and if the absent parent is employed and is 60 days delinquent in making his or her child support payments, the enforcement worker may recommend the use of other enforcement actions such as wage assignments and writs of execution. A wage assignment is a court order that authorizes the district attorney to seize a portion of the absent parent's wages. A writ of execution is a court order that also authorizes the seizure of an absent parent's earnings, bank accounts, or other assets in order to pay a child support obligation. The district attorney, as well as the DSS, indicated that wage assignments and writs of execution are effective enforcement actions.

However, because the Santa Clara County District Attorney does not have an effective case management system for identifying delinquent accounts, the district attorney did not always take action to enforce the collection of child support from absent parents whose support payments are delinquent, even though these absent parents had sufficient income to pay at least a portion of their obligations. Additionally, the district attorney does not have an effective system for reminding enforcement workers of important dates on which to follow up actions that workers have previously initiated. Finally, the district attorney has no system to provide enforcement workers with immediate answers to inquiries from absent parents or others about the number of children in the case, the amounts owing or paid on accounts in the case, the history of legal actions in the case, or other similar matters.

The District Attorney
Could Take More Effective
Enforcement Actions in Many Cases

In 28 (23.7 percent) of 118 cases we reviewed, we found that the Santa Clara County District Attorney took no action to enforce collection of child support, delayed taking action, or took inappropriate action. In each of these cases, the absent parent was at least 60 days delinquent in child support payments and was regularly employed. Further, according to the Santa Clara County Superior Court Child

Support Guidelines, each absent parent had sufficient income to pay at least a portion of his or her obligation. In one extreme case, an absent parent reported an income of \$50,900 on his 1981 state income tax return. He owed the district attorney's office more than \$1,800 in child support, but he had made no child support payments since July 1981. The district attorney took no enforcement action to collect the \$1,800 child support debt.

The enforcement workers provided several explanations for the inadequate enforcement action in these 28 cases. No enforcement action was taken in 14 of the 28 cases. According to the enforcement workers, they were unable to check the payment records in these cases because they were following county policy, which is to give top priority to answering telephone inquiries. Earlier in this report, we discussed in greater detail how Santa Clara County, because of its methods of assigning priorities to cases, is missing the possibility of collecting at least \$1.7 million in additional child support payments.

Because of delays at various stages of processing, enforcement action was delayed in six of the 28 cases. Illustrative of how a case can be delayed is a case that the Santa Clara County welfare department referred to the district attorney in December 1980. According to an enforcement

supervisor, the records clerk in the district attorney's office should have referred this case within one month to an attorney in the legal unit for possible enforcement action. However, the records clerk did not refer the case to an attorney in the legal unit until April 1981. In April 1981, the district attorney instructed an enforcement worker to prepare the case for a writ of execution to seize the absent parent's wages. The enforcement worker did not initiate action to prepare a writ until August 1981. Furthermore, because the district attorney had to wait two months for the county welfare department to calculate the amount of AFDC paid on behalf of the absent parent's children, the enforcement worker did not send the case to the unit specializing in writs of execution until October 1981. Normally, according to a welfare caseworker supervisor, such calculations should only take about two weeks to one month to complete. Finally, the district attorney sent the order to the absent parent's employer to attach the wages in February 1982, 14 months after the county welfare department referred the case to the district attorney. According to an enforcement worker, this case was delayed during various stages of case processing by as much as five months.

In four of the 28 cases, we found that the actions that enforcement workers had taken were based on inadequate communication between enforcement workers and the family

support trustee. Consequently, the enforcement actions were inappropriate. The family support trustee, who is located in the district attorney's office, is responsible for recording the payments and obligations of absent parents. Enforcement workers direct the family support trustee to adjust case accounts. If these directives are unclear or if the family support trustee does not receive a directive, the family support trustee may not be able to credit properly an absent parent's account. Also, the district attorney may not recover child support payments if the family support trustee improperly records an absent parent's payments.

For example, in one of our sample cases, the court order required the absent parent to pay \$60 per month on a non-AFDC account and \$100 per month on an AFDC account. Under this order, the district attorney should have sent \$60 per month to the custodial parent and used the \$100 per month as reimbursement for past AFDC aid that the county paid to support the absent parent's children. The absent parent paid \$160 per month regularly to the district attorney. However, the family support trustee incorrectly paid the custodial parent the total \$160 monthly payment. Further, the family support trustee did not credit the AFDC account with \$100 of the \$160 monthly payment. Because of poor communications, enforcement workers did not know that the family support trustee did not properly

credit the AFDC account. As a result, the county was not reimbursed for past AFDC payments and the family support trustee overpaid the custodial parent.

The problem of inadequate communication between the enforcement workers and the family support trustee has become less serious during 1982, according to the supervising deputy district attorney in Santa Clara County. Before September 1980, the family support trustee was located in the county welfare department. Then, in September 1980, the family support trustee was moved from the welfare department to the district attorney's office. During 1981, the district attorney's office integrated the family support trustee into its operations.

Finally, enforcement workers said they did not take enforcement action in four of the 28 cases because the cases are arrears accounts and the district attorney assigned a low priority to such cases. An arrears account is an account established to collect an unpaid child support debt that accrued because the absent parent missed payments on an ongoing account. Arrears accounts are paid periodically, such as weekly or monthly. According to enforcement workers, the district attorney assigns low priority to AFDC-related arrears accounts for a prior child support obligation when the absent parent is paying on a current account. Federal policy states

that district attorneys should attempt to collect child support from absent parents regardless of whether their accounts are current or arrears accounts.

If a low priority is assigned to the arrears account when the absent parent is paying his or her current account, the district attorney may miss child support collections. For example, in one case we reviewed, the absent parent owed the county \$1,160 on an AFDC arrears account. According to the California Parent Locator Service, the absent parent had a 1981 income of almost \$18,000. Also, according to the Santa Clara County Superior Court Child Support Guidelines, he would be able to pay \$1,080 in child support during our review period. The absent parent paid \$600 on his current account but nothing on his arrears account. The enforcement worker did not attempt to collect on the arrears account because she feared that the absent parent might stop paying on his current account. But in fact, the absent parent stopped paying on his current account even though enforcement workers did not attempt to collect on his arrears account.

The supervising deputy district attorney indicated that the practice of assigning a low priority to AFDC arrears accounts is contrary to the district attorney's official

policy. He stated that the district attorney's policy is that enforcement workers should attempt to collect what is "fair and reasonable" from each absent parent.

The District Attorney Could
Improve the Case Management System

In addition to the reasons for inadequate enforcement actions already discussed, we found that enforcement workers in the Office of the Santa Clara County District Attorney cannot always take action to collect child support in a timely manner because the district attorney does not have an effective case management system. In a 1980 study, the DSS recommended that the Santa Clara County District Attorney acquire a new computerized data processing system capable of reducing case processing and handling time by providing staff with updated case information as well as indicating the date of the child support order and the amount of court-ordered support. The study also noted that a new computerized data processing system should promote better case monitoring and that physical movement of files between units within the district attorney's office should be reduced.

The district attorney is currently conducting a feasibility study to obtain a computer system that would permit better case management. However, the supervising deputy

district attorney is uncertain whether the county board of supervisors will approve funds for the local share of a new computer system.

Furthermore, the district attorney's efforts to acquire a new computer system have been delayed by the development by the DSS of the Statewide Public Assistance Network. In 1979, the Legislature instructed the DSS to develop a statewide computer system that would include a child support enforcement function for all counties. The DSS estimated in early 1982 that the child support element of a computer system would be implemented statewide by 1987. The DSS was, therefore, reluctant to approve a separate county-operated child support computer system until the department had carefully reviewed district attorney proposals to ensure that the county system would be compatible with, and not duplicate, the Statewide Public Assistance Network system. However, in 1982, the Legislature suspended further development of the statewide system pending the results of further studies. Consequently, as of December 1982, the DSS will consider approving new child support computer systems for district attorneys. According to the Chief of the DSS Child Support Program Management Branch, the DSS will approve any reasonable system provided that it is patterned on an already designed and

implemented system. Thus, depending on what the district attorney's feasibility study recommends, it is possible that the DSS will approve a new computer system for Santa Clara County.

In the meantime, instead of a new computer system, or until a new system is fully implemented, the Santa Clara County District Attorney could take advantage of a manual system such as one used by the Idaho State Bureau of Child Support Enforcement. This system uses a master card file that has reduced the amount of clerical time formerly needed to retrieve cases from a central file room. According to Idaho program officials, this master card file system provides the agency with an organized approach to case management that ensures coverage of all cases. The Santa Clara County District Attorney would have to adapt this system to his own needs since the district attorney has a larger caseload than the State of Idaho. The supervising deputy district attorney has indicated that he will study the Idaho system to see if his office might be able to use it.

The Alameda County District Attorney
Could Increase Collections of Child
Support by Improving Enforcement Practices

The Alameda County District Attorney also has policies that require enforcement workers to enforce the collection of child support from absent parents who have not paid their court-ordered support obligations. Enforcement workers are to identify all delinquent child support accounts, locate and contact absent parents, contact their employers, determine their income, and determine their ability to pay their support obligations. Enforcement workers may also use enforcement actions such as wage assignments and writs of execution. The Alameda County District Attorney believes that wage assignments and writs of execution are effective enforcement actions, and has instructed his enforcement workers to use these actions if applicable and where the absent parent is delinquent in making his or her child support payments.

However, our review of 138 cases in the Alameda County District Attorney's Office found that enforcement workers either took no action or took delayed action to enforce collection of child support in eight (5.8 percent) of the cases reviewed. In all eight cases, enforcement workers did not identify the cases as having delinquent child support payments. In each of the eight cases, the absent parent was delinquent in paying child support, was regularly employed, and, according to

the Alameda County Board of Supervisors Child Support Guidelines, had sufficient income to pay at least a part of his or her support obligation. In one extreme case, an absent parent who owed \$3,900 was required by the court order to pay the district attorney's office \$50 per month or \$600 for the year. He paid nothing in 1981, even though on his 1981 state income tax return he reported having an annual income in excess of \$48,000. Enforcement staff did attempt to determine the absent parent's income, but they failed to follow up with further enforcement actions to collect the outstanding child support.

In another case, the absent parent owed the county \$6,450. According to the Alameda County Board of Supervisors Child Support Guidelines, the absent parent had sufficient income during 1981 to pay \$2,700 rather than the \$400 that he paid. An enforcement supervisor stated that the enforcement worker took no action on this case during the 10 months between September 1980 and July 1981, because a computer-generated notice system indicating nonpayment of child support was missing from the case file. Without such a notice, the enforcement worker has no practical way of identifying the case as delinquent. The enforcement supervisor believed that the notice might have been missing because the nonpayment notice system was not implemented until November 1980. At that time, the entire caseload was placed on the system. During the first

few months after the implementation of the system, clerical staff could not process the large number of nonpayment notices. As a result, according to the enforcement supervisor, some notices, including the notice for this example case, probably did not get into the case files.

In another of these eight cases, the absent parent owed the district attorney's office \$5,900 in arrears. According to the child support guidelines, he had income sufficient to pay \$4,300 during 1981. However, the district attorney collected only \$50 during the year. Enforcement workers did not identify this case as having delinquent child support payments because the district attorney's computer system did not generate a nonpayment notice for the case. The computer does not generate nonpayment notices for cases with an arrears only account that has no court-ordered repayment terms on the child support debt. The district attorney is aware of this problem and is seeking a better means to identify delinquent arrears accounts that have no repayment terms. As a result of our audit, the district attorney has hastened his efforts to remedy this problem. As an interim solution, the district attorney has compiled a list of all cases with an arrears only account and intends to take action on each case.

CHAPTER III

CONCLUSION AND RECOMMENDATIONS

The State Department of Social Services could more adequately fulfill its role as the supervisor and monitor of the district attorneys' administration of the Child Support Enforcement Program. District attorneys are not always using the most effective methods to enforce court-ordered child support payments. Consequently, district attorneys are not collecting significant amounts of child support payments in AFDC cases. As a result, the federal, state, and county governments are losing reimbursement for AFDC expenditures for children of absent parents. Further, counties are not receiving federal and state incentive payments on the missed collections.

The DSS needs to improve its supervision of the program. Specifically, the DSS has not established statewide eligibility criteria for selecting absent parents' cases for referral to the Tax Intercept Program. Currently, district attorneys are using different eligibility criteria, which results in unequal treatment of absent parents, and affects the collections of child support payments. Further, because the two district attorneys we visited are not referring all eligible cases to the Tax Intercept Program, they did not

collect \$966,000 in additional child support payments for tax year 1981. Also, the DSS has made few efforts to encourage district attorneys to adopt an enforcement priority system for its AFDC cases based on absent parents' income. If the Santa Clara County District Attorney had adopted such a priority system, the collection of child support could have increased by at least \$1.7 million during the second half of 1981.

The DSS has not recently issued guidelines on the effectiveness of recording court orders to establish liens as an enforcement tool. Some district attorneys are not routinely recording court orders to establish liens to secure the child support debt. Further, most district attorneys are not using the Property Tax Exemption File to locate residential real property throughout the State that belongs to absent parents. When court orders are not recorded, the district attorneys miss opportunities to collect child support debts when absent parents attempt to sell or buy real property.

The procedures used by the DSS to monitor the district attorneys' administration of the Child Support Enforcement Program are not adequate to identify enforcement deficiencies. The DSS conducts periodic reviews of the district attorneys' enforcement procedures mainly through interviews with county officials. The DSS generally does not

review case files. Consequently, the DSS failed to determine that district attorneys were not adequately using such enforcement methods as referring delinquent accounts to the Tax Intercept Program, recording court orders, and obtaining wage assignments and writs of execution.

Finally, in the two counties we visited, the district attorneys do not always take adequate actions to collect delinquent child support payments. Enforcement actions have sometimes been omitted or delayed because of ineffective case management systems.

RECOMMENDATIONS

To improve the district attorneys' administration of the Child Support Enforcement Program, the State Department of Social Services, through the Child Support Program Management Branch, should improve its supervision of the program by issuing guidelines to the district attorneys. These guidelines should provide district attorneys with policies and procedures for effectively enforcing child support obligations in AFDC-related cases. The guidelines should cover at least the following areas:

- The use of uniform eligibility criteria for referring absent parents' cases to the Tax Intercept Program. The DSS should consult the Attorney General when determining the eligibility criteria for the program;
- The selection and referral of all eligible cases to the Tax Intercept Program;
- The use of the minimum child support debt amounts (\$100 for the state program and \$150 for the federal program) for selecting cases for the Tax Intercept Program;
- The assignment of priorities to cases for enforcement work based on the absent parents' income. The district attorneys who do not have sufficient resources to take enforcement action against all absent parents whose child support obligations are delinquent should send the names of these absent parents to the California Parent Locator Service for quarterly earnings data. Using this data, cases can be ranked according to the income of the absent parents;
- The recording of new child support court orders to establish liens against absent parents;

- The reviewing of absent parents' cases to ensure that all existing court orders, including interlocutory decrees, are recorded; and
- The use of the Property Tax Exemption File to identify absent parents who own residential real property throughout the State.

In developing the guidelines, the DSS should consider consulting with a representative group of district attorneys. Further, the DSS should consider having the Attorney General approve the enforcement guidelines. Also, the DSS should establish procedures to exempt district attorneys from following these guidelines if justified.

To improve its monitoring of the counties, the DSS Child Support Program Management Branch should continue its plan to require its analysts to review case files of absent parents to identify ineffective enforcement policies and practices of the district attorneys. As a part of this monitoring effort, the DSS should use the information from the case reviews to determine district attorney adherence to the guidelines established by the DSS. Also, the DSS analysts should report the results of their examinations in complete written reports. The DSS should not hire additional monitoring staff until it improves its monitoring procedures, until its

monitoring reports demonstrate continued success in identifying problems, and, as a result of these improvements, until county collections of child support payments increase.

We also recommend that the DSS help counties in correcting specific operational problems we detected during our review. We recommend that the DSS help the Santa Clara County District Attorney in selecting and implementing a case management system that enables enforcement workers to identify cases with delinquent child support payments and to perform follow-up enforcement work that results in the prompt enforcement of child support cases. Further, the DSS should provide technical assistance to counties that are having problems intercepting income tax refunds because of missing social security numbers.

Lastly, the DSS should arrange for data processing services so that district attorneys in smaller counties without data processing resources can use the Property Tax Exemption File. For example, to provide the necessary services, the DSS could arrange for data processing through existing state resources such as the California Parent Locator Service. The Manager of the California Parent Locator Service estimates that this service would cost district attorneys \$280 for each 1,000 requests.

If after one year, the DSS finds that district attorneys are not following state guidelines, the DSS should refer its findings on noncompliant district attorneys to the Attorney General for appropriate action to obtain compliance with the guidelines. We also recommend that the DSS consider several other alternatives. These alternatives include proposing legislation giving the DSS the legal authority either to withhold all or a portion of the 7.5 percent state incentive payment from district attorneys who do not comply with state guidelines or to provide additional state incentive payments to district attorneys who comply with the guidelines. Also, the DSS should consider referring its findings on noncompliant district attorneys to the county grand jury and the county board of supervisors for their review. Finally, the DSS should consider the feasibility of moving the state program from the DSS either to the Attorney General or to another governmental entity. As a part of this study, the DSS should also consider the feasibility of moving the county operation from the district attorney's office to another governmental entity.

We conducted this audit under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specifically contained in the audit request.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: March 7, 1983

Staff: Steven L. Schutte, Audit Manager
Dore C. Tanner, CPA
Stephan J. Cohen
Jackie A. Bacon
Peter A. Goldstein
Sandra L. Lee



HEALTH and WELFARE AGENCY

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1600 NINTH STREET, ROOM 460
Sacramento, California 95814
(916) 445-6951

March 4, 1983

Mr. Thomas W. Hayes
Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear ^{Tom}Mr. Hayes:

REPORT OF THE OFFICE OF THE AUDITOR GENERAL TO THE JOINT LEGISLATIVE AUDIT COMMITTEE ENTITLED "THE STATE DEPARTMENT OF SOCIAL SERVICES CAN REDUCE AFDC COSTS BY ENSURING THAT COUNTY CHILD SUPPORT PROGRAMS OPERATE MORE EFFECTIVELY"

Thank you for providing our Agency with the opportunity to respond to your audit of the Child Support Enforcement Program. The Agency is appreciative of the efforts of you and your staff and of the recommendations which you have made.

The Child Support Program has made major strides since its inception. We recognize, however, that there is still much room for program improvement. Your report will be a help to us in identifying and putting into effect the needed procedural and policy changes.

Some of the recommendations contained in your report have already been put into effect by the Department of Social Services. I am attaching comments prepared by the Department of Social Services for inclusion in your report. The Child Support staff would be pleased to meet with you at your convenience to discuss any of these particular subject areas.

Sincerely,

A handwritten signature in cursive script, appearing to read 'D. Swoap'.

DAVID B. SWOAP
Secretary

Attachment

cc: Jerold A. Prod, Interim Director, SDSS

STATEMENT DEPARTMENT OF SOCIAL SERVICES (SDSS)

COMMENTS REGARDING THE DRAFT REPORT OF THE OFFICE OF THE AUDITOR GENERAL ENTITLED, "The State Department of Social Services Can Reduce AFDC Costs By Insuring That County Child Support Programs Operate More Effectively"

AGO CONCLUSION

"The SDSS needs to improve its supervision of the program. Specifically, the DSS has not established statewide eligibility criteria for selecting absent parents' cases for referral to the Tax Intercept Program. Currently, District Attorney's are using different eligibility criteria, which results in unequal treatment of absent parents, and affects the collections of child support payments. Further, because the two District Attorneys we visited are not referring all eligible cases to the Tax Intercept Program, they did not collect \$966,000 in additional child support payments for tax year 1981."

SDSS Response

The report faults the first year tax intercept program which brought \$47 million in new AFDC child support collections to California. The report is critical on two issues: 1) SDSS did not provide "eligibility criteria" for the intercept; and 2) two counties could have collected an additional \$966,000 child support payments.

On the first issue, SDSS will in the future years be narrowing the requirements for county participation in the intercept programs. It recognizes, however, the need to permit counties to deviate from such requirements on an exception basis as good management practice may require. Based on California's state intercept program, SDSS appropriately issued minimum standards for submittal of child support obligors to the IRS Intercept. By establishing the minimum level of participation SDSS provided direction to the District Attorneys to quickly evaluate their caseload. In the first year of the IRS Intercept effort, it was appropriate to allow discretion in determining which cases legally qualify for interception of income tax refunds and to permit a higher cut-off where necessary to avoid errors.

The second issue relates to a questionable dollar amount of \$966,000 that the report alleges was lost in the two counties studied. SDSS has a number of problems with this issue:

1. Because federal regulations implementing the IRS Intercept were delayed, SDSS and the District Attorneys had less than three months to review caseloads and submit qualified intercept cases. If the counties had taken ten months to completely study their potential intercept cases, they would not have been able to participate in the first year IRS Intercept Program. This would have resulted in a program loss of the \$4.5 million in new AFDC child support that the two counties did collect.

2. Is is clearly desirable to collect arrearages owed as early as possible. It is noted, however, that an obligation which existed in 1981 will continue to exist in 1982 and these amounts are not conclusively lost to the program as the potential for collection remains.
3. The method used to determine the dollar amount of the "loss" of intercept collections is questionable. The report estimate apparently included "closed" cases in the estimate.* These cases were closed by the district attorney for a multitude of reasons, i.e., absent parent deceased, invalid order, etc.

AGO CONCLUSION

"...the DSS has made few efforts to encourage district attorneys to adopt an enforcement priority system for its AFDC cases based on absent parents' income. If the District Attorney of Santa Clara County had adopted such a priority system, the collection of child support could have increased by at least \$1.7 million during the second half of 1981."

SDSS RESPONSE

Long before federal regulations were published in 1982 permitting case prioritization, SDSS was encouraging the district attorneys to incorporate prioritization criteria into their case processing, and we strongly support the continuation of this effort.

With regard to the \$1.7 million purportedly lost collections by Santa Clara, both SDSS and the Santa Clara District Attorney's Office believe this figure to be in error. The report bases this projection on a caseload including closed cases. Additionally, the report assumed the maximum collection rate on all cases, and did not take into consideration whether the absent parent was located or whether the amount of support ordered by the court was less than the maximum specified on the collection table.*

AGO CONCLUSION

"The DSS has not recently issued guidelines on the effectiveness of recording court orders to establish liens as an enforcement tool. Some district attorneys are not routinely recording court orders to establish liens to secure the child support debt. Further, most district attorneys are not using the Property Tax Exemption File to locate real property statewide. When court orders are not recorded, the district attorneys miss the opportunities to collect child support debts when absent parents attempt to sell or buy real property."

SDSS RESPONSE

DSS agrees that the filing of liens may provide an effective enforcement tool. On May 8, 1979, SDSS issued FSD Letter No. 79-10 to all district attorneys which identified 15 "Best Practices" for the Child Support Program. Among these practices was the recording of judgments sometimes referred to as liens. SDSS does

* Auditor General's Comment: Our sample results only include data from cases that were open during the period under review. Further, our projection of \$1.7 million relative to the priority system is not in error and is, in many aspects, a conservative estimate. As pointed out on pages 41-42 of the report, our calculation of the amount collectible in each sample case was the lesser of either the court-ordered amount or the amount stipulated by the Santa Clara County Superior Court guidelines. On page 43 of the report, we acknowledge that judges may not always adhere to these guidelines when they determine the amount an absent parent should pay for child support. However, as we discuss on pages 43-44 of the report, there are balancing factors that tend to make our projected increase in collections lower than the county may have realized.

not believe that it is necessary to release multiple letters on the same subject. As time and staffing limitations permit, SDSS will perform new studies which could update previously released information.

The report recognizes the benefits of the Property Tax Exemption File (PTEF) automated tape interface developed by the California Parent Locator Service (CPLS). This is an automated system which allows the district attorneys to submit tapes for match against statewide records. The original instructions were issued in May 1981 by CPLS. SDSS supports this method of determining property holdings and will incorporate questions on PTEF use into our program reviews of the district attorneys to assure participation.

AGO CONCLUSION

"Finally, in the two counties we visited, the district attorneys do not always take adequate actions to collect delinquent child support payments. Enforcement actions have sometimes been omitted or delayed because of ineffective case management systems."

SDSS RESPONSE

SDSS agrees with this AGO audit conclusion.

SDSS has conducted collection studies during late 1980 in both of the counties referred to by the AGO audit. Our studies identified system deficiencies and outlined corrective actions which require significant time and money to correct. The district attorneys' offices in both counties, in our view, are moving in positive directions which will resolve problems previously identified and confirmed by the AGO audit.

AGO RECOMMENDATION

"To improve its monitoring of the counties, the DSS Child Support Program Management Branch should continue its plan to require its analysts to review case files of absent parents to identify ineffective enforcement policies and practices of the district attorneys. As a part of this monitoring effort, the DSS should use the information from the case reviews to determine district attorney adherence to the guidelines established by the DSS. Also, the DSS analysts should report the results of their examinations in complete written reports. The DSS should not hire additional monitoring staff until it improves its monitoring procedures, its monitoring reports demonstrate continued success in identifying problems, and, as a result of these improvements, county collections of child support payments increase."

SDSS RESPONSE

Effective with the beginning of the 1982/83 Fiscal Year, the SDSS has begun a limited case review project during selected program reviews. These special reviews are an evaluation of county performance via a statistical sample of county case records. The results of these studies will be detailed in nature and act as a foundation for the identification of individual county performance.

The SDSS monitors all county IV-D programs in accordance with required federal regulations covering a broad spectrum of areas. Since the inception of IV-D in 1975, the Child Support Program Management Branch has performed hundreds of program reviews. Regulations require the routine examination of 17 functional areas. Given the time required and material to be covered in a review, it is impossible to expend limited staff resources in a comprehensive, statistically valid case review in each county.*The SDSS does not have the resource availability to accomplish the detailed review which led to this report. To do so would leave 56 other counties unmonitored and subject the state's IV-D program to possible federal sanction.

The report suggests greater staff time should be spent in more counties without the availability of additional staff resources. This position is inconsistent with the federal monitoring requirement that all 58 counties are to be reviewed on an annual basis, given present staffing.

Currently, after each county's review, the SDSS sends a detailed letter to each county explaining our findings and corrective action. The SDSS believes these "executive summaries" provided to the IV-D director in each county are an effective, streamlined method of conveying findings/corrective action. The necessity of a bulky, action-by-action report is not needed, as district attorneys are generally cooperative in resolving individual county issues.

AGO RECOMMENDATION

"We also recommend that the DSS help counties in correcting "(a)" specific operational problems we detected during our review. We recommend that the DSS help the Santa Clara County District Attorney in "(b)" selecting and implementing a case management system that enables enforcement workers to identify cases with delinquent child support payments, and perform follow-up enforcement work which results in the prompt enforcement of child support cases. "(c)" Further, the DSS should provide technical assistance to counties who are having problems intercepting income tax refunds because of missing social security numbers."

SDSS RESPONSE

Such technical assistance should be provided to the extent of DSS resources available for such support. The limits of these resources have been described above. In fact, the county has already corrected the social security problem described in subsection (c.).

In March 1980, the following recommendation was made to the county in a DSS study report: "county (Santa Clara) looks for an alternative EDP system with wider, more sophisticated capabilities." Included in this report, are detailed recommendations for improving case management and case tracking in both automated and manual case processing areas. On April 30, 1982, the state approved a Feasibility Study Report (FSR) to be developed by Santa Clara County to recommend a new automated Family Support System to replace their current system. This study is currently going on and SDSS is awaiting the county's recommendation.

* Auditor General's Comment: Our report recommends only that the State Department of Social Services' staff review case files when they visit counties. The number of cases to be reviewed does not necessarily have to be a statistically valid sample in order for the staff to identify deficient casework practices.

AGO RECOMMENDATION

"Lastly, the DSS should arrange for data processing services so that district attorneys in smaller counties without data processing resources can use the Property Tax Exemption File."

SDSS RESPONSE

The SDSS agrees in concept with this recommendation. We have always supported the recordation of judgments as a cost-effective enforcement tool. The routine filing of judgments by the originating jurisdiction is important to the long-term collection goals of the IV-D program.

The PTEF became available for statewide use in May 1981. At that time, CPLS (through its instruction letter) precluded small counties without EDP systems from submitting manual documents to CPLS. DSS is presently planning with DOJ to overcome this deficiency in the PTEF system.

AGO CONCLUSION

"The State Department of Social Services could more adequately fulfill its role as the supervisor and monitor of the district attorneys' administration of the Child Support Program. District Attorneys are not always using the most effective methods to enforce court-ordered child support payments. Consequently, District Attorneys are not collecting significant amounts of child support payments in AFDC-related cases. As a result, the federal, state and county governments are losing reimbursement for AFDC expenditures for children of absent parents. Further, counties are not receiving federal and state incentive payments on the missed collections."

SDSS RESPONSE

Although much has been achieved in the Child Support Program since its inception, we agree that there is always room for improvement.

It is noted however, that the district attorney is the top legal officer of his county. He is an elected official and his jurisdiction is superseded only by the California Attorney General under Article 5, Section 12 of the California Constitution. The direct supervisory authority of SDSS and the Attorney General is limited to broad areas of substantial compliance.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps